

**Geographic Reclassification Requests for Hospital Groups
Under the Medicare Hospital Inpatient Prospective Payment System**

2003 Requests for Federal Fiscal Year 2005 Redesignations

This package contains the material individual hospitals will need to apply as a group for geographic reclassification in 2003 under the Medicare hospital inpatient prospective payment system. Completed applications are due to the Medicare Geographic Classification Review Board (Board) office no later than **5:00 p.m. EDT, Tuesday, September 2, 2003**.

Reclassifications granted by the Board for the Standardized Amount will be effective for Federal Fiscal Year (FFY) 2005 (October 1, 2004 through September 30, 2005). Reclassifications granted by the Board for the Wage Index will be effective for a 3-year period, FFYs 2005 through 2007 (October 1, 2004 through September 30, 2007).

Hospital groups requesting reclassification must complete this application and furnish all required supporting documentation. Hospitals should read the instructions carefully. Failure to submit appropriate or complete information as explained in the instructions may result in a delayed review or dismissal by the Board.

A hospital may apply for reclassification individually, as a member of a group of hospitals, and as a member of a Statewide Wage Index area. Federal regulations at 42 C.F.R. §§ 412.230 through 412.235 provide the guiding regulatory criteria and conditions for such applications. A hospital located in a New England County Metropolitan Area (NECMA) may also apply for reclassification either individually or as part of a group under the Alternative criteria set forth at 42 C.F.R. § 412.236.

To request a Group, Statewide Wage Index, or Alternative NECMA application, or to receive other information, hospitals should call (410) 786-1174. The individual and group applications and instructions will be available via the Internet at <http://cms.hhs.gov/providers/prrb/mgcinfo.asp>.

PLEASE NOTE: These instructions and corresponding application are being printed and distributed before the final Hospital Inpatient Prospective Payment Systems Rules are issued. The Final Inpatient PPS Rules should be published in the Federal Register on or about August 1, 2003. This application reflects the Proposed Hospital Inpatient PPS Rule found in the May 19, 2003 Federal Register (68 Fed. Reg. 27192). Applicants are encouraged to review the Final Rules for changes or clarifications.

Enclosures: (1) General Instructions
(2) Instructions for Completing the Application
(3) Application

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

2003 JOINT APPLICATION FOR HOSPITAL GROUP GEOGRAPHIC RECLASSIFICATION EFFECTIVE FEDERAL FISCAL YEAR 2005

GENERAL INSTRUCTIONS

GENERAL

All Medicare, acute care, inpatient prospective payment hospitals in a county or a New England County Metropolitan Area (NECMA) may file a joint, i.e., group, application with the Medicare Geographic Classification Review Board (Board). Every Prospective Payment System (PPS) hospital in the county or NECMA must be a member of the group application. A hospital that is the only PPS hospital in its county may also apply as a group. This single hospital may be in a rural area or within a multi-county Metropolitan Statistical Area (MSA).

The Board may reclassify a rural group only to an urban area, and an urban group only to another urban area. Federal regulations at 42 C.F.R. § 412.232 set forth the criteria for hospitals in a rural county seeking urban designation and § 412.234 contains the criteria for all hospitals in an urban county seeking redesignation to another urban county.

A group must be reclassified for both the wage index value and the standardized amount. Both rural groups and urban groups must meet the 85 percent wage criteria comparison discussed later in these instructions. However, if the group is requesting reclassification for FFY 2005 to the same geographic area to which it is already reclassified for the wage index for FFY 2005 (as part of a 3-year cycle established through the Board's approval of a prior year group application), the Board will not approve the wage index portion of the hospital's application to the same area for FFY 2005. In such a case, the group's reclassification for the wage index for FFY 2005 has already been secured to that geographic area; consequently, the group is not required to meet the wage index portion of a group application to that same area for FFY 2005.

All hospitals submitting a group application for FFY 2005 -- even those submitting a group application to the same area to which they are already reclassified for the wage index for FFY 2005 under a 3-year cycle -- must meet the criteria necessary for Board approval of the Standardized Amount for FFY 2005. Urban groups must meet the Standardized Amount Cost Comparison criteria described later in these instructions and rural groups must meet the Metropolitan Character criteria (see V.14 of these instructions). Hospitals that are already reclassified for the wage index for FFY 2005 through a prior year's group application may also apply to the Board to be reclassified for the Standardized Amount for FFY 2005 through an individual hospital application.

All hospitals in a New England county that are located in a NECMA can apply as a group under the criteria set forth for urban counties mentioned above (42 CFR § 412.234). All hospitals in a NECMA can apply under the alternative criteria set forth in 42 CFR § 412.236(c). (See VII.16. of these instructions).

The Board will rule on a group reclassification request before it rules on a hospital's individual request. If the Board reclassifies a group, it will dismiss any individual reclassification applications filed by the hospitals in the group. The Board emphasizes that individual applications and group applications are separate and distinct.

As discussed in the Proposed Hospital Inpatient PPS Rule found in the May 19, 2003 Federal Register, the Office of Management and Budget (OMB) issued revised standards for defining MSAs in a December 27, 2000 Federal Register notice (65 Fed. Reg. 82228). In that notice, OMB indicated that it planned to announce new definitions of "Core Based Statistical Areas" (CBSAs), based on new standards and the Census 2000 data, in calendar year 2003 (by the middle of 2003). However, because CMS will not have completed its analysis of the new CBSAs by the due date (September 2, 2003) for filing applications for reclassifications for FFY 2005, the Proposed Rule instructs hospitals to base their applications on the current MSAs (see Tab 1).

The Board ordinarily issues an on-the-record decision. However, the Board may hold an oral hearing on its own motion or if the applicant demonstrates to the Board's satisfaction that an oral hearing is necessary. The Board will issue all of its decisions no later than 180 days after the deadline for receipt of applications. The deadline for receipt of the applications is September 2, 2003.

A reclassification for a hospital group applying in 2003 is effective for discharges occurring in FFY 2005 (October 1, 2004 through September 30, 2005) for the Standardized Amount portion of the application and for a 3-year period, FFYs 2005 through 2007 (October 1, 2004 through September 30, 2007), for the Wage Index portion of the application.

HOSPITALS WITH SPECIAL STATUS

Some Sole Community Hospitals (SCHs) will lose their special status when the Board reclassifies them to a Metropolitan Statistical Area (MSA) or New England County Metropolitan Area (NECMA) for purposes of the standardized amount. Before applying for reclassification, these hospitals should evaluate and determine whether geographic reclassification will affect their special status. For a detailed discussion, see the Federal Registers of September 6, 1990, Vol. 55, No. 173, page 36762; June 4, 1991, Vol. 56, No. 107, pages 25482-25484; and August 30, 1991, Vol. 56, No. 169, pages 43200-43202. A hospital needing further information concerning SCH issues should call either Linda McKenna (410) 786-4537 or Maria Navarro (410) 786-4553 of the Centers for Medicare & Medicaid Services (CMS) Hospital & Ambulatory Policy Group.

THE APPLICATION

Hospitals applying as a group must use the group application in this package. If hospitals do not use this information or if they fail to provide the required information, the Board may dismiss their requests for reclassification. Submission of inappropriate documentation will delay Board review.

The group application covers requests for both the standardized amount and the wage index. It consists of a series of questions and an affidavit that the appropriate hospital officer from each hospital in the group must sign. The completed affidavits signify each hospital's official participation in the group. The Board may dismiss an application that fails to include a properly completed and signed affidavit from each PPS hospital in the group by the due date of the application, i.e., September 2, 2003. The name and signature of the appropriate official of each PPS hospital in the group is required, in the form of an affidavit, in order for an application to be complete. The group and the individual hospitals in the group must also submit several attachments, all of which are specified in the application.

If a group has a primary and alternative (or secondary) request, it must submit complete applications for the primary application and each alternative request. The group should not combine the applications into one package and it should clearly mark each application as primary, secondary, etc. The group must also clearly specify the reclassification area for each application.

FILING AN APPLICATION

A complete application package consists of an original and two legible unbound copies of the application itself and its attachments. However, an urban group should submit only one copy of the cost report for each group hospital, besides the rest of the application package. A rural group does not submit cost reports because it does not need to show compliance with the computational threshold for the standardized amount. The Board does not accept applications submitted through the facsimile process or by other electronic means, nor does it accept applications completed in pencil, i.e., applications must be typed or clearly printed in ink.

The Board must receive all application packages by **5:00 p.m. EDT, September 2, 2003**. The Board will dismiss a group's request for reclassification if it does not receive the completed application by this deadline. The Board may, for good cause and at the request of the group, grant a group that has submitted an application by September 2 an extension beyond this date to complete the application.

The group must send an original and two copies of their completed application to **the Board's**

mailing address:

**Medicare Geographic Classification Review Board
2520 Lord Baltimore Drive
Suite L
Baltimore, Maryland 21244-2670**

The group may want to send their application by a delivery method that guarantees a signed receipt, indicating delivery and date of delivery of their packages to the Board. The same address for the Board is applicable for both U.S. mail and courier service. Applications submitted to CMS or any other address may be delayed and not received timely by the Board.

The group must simultaneously send a copy of their completed application, including a cost report, if applicable, to:

Centers for Medicare & Medicaid Services
Center for Medicare Management
Hospital & Ambulatory Policy Group
Division of Acute Care
7500 Security Boulevard
Mail Stop C4-08-06
Baltimore, Maryland 21244-1850
Re: MGCRB Application

The CMS Hospital & Ambulatory Policy Group address is also applicable for both U.S. mail and courier service. Again, applications submitted to CMS may be delayed and not received timely by the Board.

WITHDRAWALS AND TERMINATIONS

Hospital groups may withdraw their applications for reclassification anytime before the Board issues a decision. After a decision granting reclassification, hospital groups may withdraw a reclassification up to 45 days from the date of CMS's annual notice of proposed rulemaking for hospital inpatient prospective payment under Medicare. CMS publishes the notice in early spring and it specifies the final date by which the Board must receive a withdrawal request.

A group or individual hospital within the group may request to terminate the second and/or third year(s) of a 3-year wage index reclassification. Similar to a withdrawal, a hospital's request to terminate the second and/or third year(s) of an approved 3-year wage index reclassification must be received by the MGCRB within 45 days of the publication of the annual notice of proposed rulemaking concerning changes to the inpatient hospital PPS and proposed payment rates for the fiscal year for which the termination is to apply.

A group or an individual hospital which either withdraws or terminates a 3-year wage index reclassification may also cancel its withdrawal or termination within the timeframe for applying for a FFY 2005 or FFY 2006 reclassification in order to have the balance of its 3-year wage index value reclassification reinstated.

All group withdrawal or termination requests, as well as requests by the group to cancel a withdrawal or a termination, must be in writing, signed by the appropriate official for each hospital in the group, and directed to the Board at the Board's address given in the preceding section. A termination request or a request to cancel a withdrawal or termination by an individual hospital within the group must also be in writing, signed by the appropriate hospital official, and directed to the Board at the Board's address given in the preceding section. A copy of the withdrawal, termination, or cancellation of a withdrawal request should also be sent to the CMS Hospital and Ambulatory Policy Group at that Group's address listed above.

NOTE: The criteria for hospitals seeking to withdraw an application or to terminate an approved 3-year wage index reclassification are contained in 42 C.F.R. § 412.273. Applicants are encouraged to review that section of the federal regulations.

PLEASE READ THESE INSTRUCTIONS
BEFORE COMPLETING THE APPLICATION

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

**2003 JOINT APPLICATION FOR HOSPITAL GROUP
GEOGRAPHIC RECLASSIFICATION
EFFECTIVE FEDERAL FISCAL YEAR 2005**

**INSTRUCTIONS FOR COMPLETING
THE APPLICATION**

The joint application consists of a series of questions that the group must answer. The application also includes questions and pages to be completed for the standardized amount calculations and an affidavit, all of which each hospital in the group must complete.

The application lists several required attachments and the letter designations for these attachments. The group should still use these same letter identifiers if it needs only some attachments to support its request. The group must type or print the application in ink.

When the group uses an attachment requiring hospital-specific information, it should include the information and data for each hospital in the group on separate pages under the specific attachment. The group must label these pages separately and sequentially, for example, M-1 for the first hospital, M-2 for the second, M-3 for the third, etc. The group should follow the same sequence throughout the application. Further, the individual hospitals' names and provider numbers must appear at the top of these pages.

The group must send the completed application, including all supporting documentation, so that the Board receives the package by **5:00 p.m. EDT, September 2, 2003**. If the group fails to comply with this deadline, the Board will dismiss its reclassification request. The Board does not accept applications submitted through the facsimile process or by other electronic means.

It is imperative that the group read these instructions before filling in the application. Tab 4 (Calculations) at the end of these instructions provides examples of correct computations for the reclassification criteria.

INSTRUCTIONS

I. GROUP INFORMATION

1. Self-explanatory. All PPS hospitals in a county or NECMA must be members of the group application.
2. Identification numbers for all State (rural areas), MSAs, and NECMAs are at the end of these instructions at Tab 1 (MSA/Area Numbers). If the group is in a county in an MSA, it should use the MSA number. If not, it should use the number of the State in which the county is located.
3. The group must show the mailing address the Board should use for all correspondence. The group should also show the person (and telephone number) the Board should contact if it has questions about the application.
4. As **Attachment A** of the application, the group should provide a printed or typed list of all PPS hospitals in the county or NECMA, their addresses, and provider numbers (Columns A, B, and C of Attachment A). In addition, the group should also indicate whether any hospital in the group is filing a separate individual application with the Board for FFY 2005 (Column D) and, for any hospital that is already reclassified for the wage index in FFY 2005 as part of a 3-year wage index reclassification, the identification number of the area to which it is reclassified (Column E). Identification numbers of the areas needed for Column E can be obtained by referring to the appropriate Board Decision letter for either FFY 2003 or FFY 2004, which served as the basis for a hospital's 3-year wage index reclassification (absent any subsequent changes to those Decisions).

All of the hospitals listed in Attachment A must be a part of the group application. The group should follow the format provided on the application in completing Attachment A.

In addition, as **Attachment B** of the application, the applicant should provide a current letter from the appropriate CMS Regional Office that lists the currently licensed PPS hospitals in the county or NECMA listed in item I.1. of the application.

II. RECLASSIFICATION REQUEST

5. The group should use the name of the MSA or NECMA to which it wants to be reclassified. The Board may reclassify the group to one area only.
6. Self-explanatory.
7. Self-explanatory.

III. GENERAL INFORMATION

8. Self-explanatory.
9. Self-explanatory. The Board will rule on any Statewide Wage Index Area application first and then the Group application before it reviews any individual requests.
10. Section 401 of Public Law 106-113 amended Section 1886(d)(8) of the Social Security Act by adding paragraph E, which creates a mechanism, separate and apart from the MGCRB, permitting an urban hospital to apply to be treated as being located in the rural area of the state in which the hospital is located. Hospitals that are reclassified as rural under Section 1886(d)(8)(E) are not permitted to be reclassified through the MGCRB, effective October 1, 2000.

If any urban PPS hospital listed in No. 4 above has applied or will be applying to the CMS Regional Office under this provision, check “Yes” and include a list of the hospitals at **Attachment C**. Also, indicate in the list at **Attachment C** whether any of the hospital applications have been approved and, if so, provide the date of the approval. Questions concerning this provision should be directed to Margot Blige Holloway of the CMS Hospital & Ambulatory Policy Group at (410) 786-4642.

11. If the group is requesting an oral hearing, it must provide a brief narrative explaining the rationale for its request as **Attachment D**.
12. Self-explanatory.

IV. ADJACENCY (ALL GROUPS)

13. At **Attachment E** of the application, the group must include an original (i.e., no photocopies or facsimiles) map or maps, issued by a governmental entity or an organization such as the American Automobile Association on which the group highlights the county or NECMA in which the group hospitals are located and the requested area. The original map(s) and the two copies must be easy to read and clearly marked.

V. METROPOLITAN CHARACTER (RURAL GROUP ONLY)

14. Federal regulations at 42 C.F.R. § 412.232(b) and (d) discuss the metropolitan character criteria that hospitals in a rural county seeking urban designation must meet for redesignation and the data that must be utilized to meet these criteria.

Tab 5 (OMB Standards) includes the Office of Management and Budget (OMB) revised standards for designating outlying counties of MSAs, which were published in the Federal Register on March 30, 1990 and corrected on April 10 and 30 and May 10, 1990. The Changes to the Hospital Inpatient PPS Proposed Rule (see May 19, 2003 Federal Register) directs the Board to use the 1990 definitions (and standards) of Metropolitan Areas in reviewing hospital requests for reclassification for FFY 2005.

With respect to the “data” to be used to meet the 1990 standards, the Board will accept data from either the 1990 or the 2000 Census. The group may obtain Bureau of the Census data from the Bureau of the Census (www.census.gov) and State Data Centers. (A listing of State Data Centers is available via the Internet at <http://www.census.gov/sdc/www/>). Commuting data can be accessed via the Internet at www.census.gov/population/www/socdemo/jtw_workerflow.html for 1990 data and www.census.gov/population/www/cen2000/commuting.html for 2000 data. Other required data, e.g., population and density, can also be found through the Census Bureau Internet site and at State Data Centers. The Board considers data only from the Bureau of the Census.

VI. CMSA CRITERIA (URBAN GROUP ONLY)

15. Federal regulations at 42 C.F.R. § 412.234(a)(3) require that hospitals in an urban county applying as a group for redesignation to another urban area must be located in a county which is a part of the Consolidated Metropolitan Statistical Area (CMSA) that includes the urban area to which they seek redesignation. The OMB Statistical Policy Office, Office of Information and Regulatory Affairs issues definitions of CMSAs, Primary Metropolitan Statistical Areas (PMSAs), and MSAs and NECMAs (known collectively as Metropolitan Areas). The Proposed Changes to the Hospital Inpatient PPS Proposed Rule (see May 19, 2003 Federal Register) directs the Board to use the 1990 definitions of Metropolitan Areas in its review of hospital reclassification requests for FFY 2005. State Data Centers and many libraries carry the listings of Metropolitan Areas. The group may also obtain the information via the Internet at www.census.gov/population/www/estimates/metrodef.html.

VII. ALTERNATIVE CRITERIA (NECMA GROUP ONLY)

16. Federal regulations at 42 C.F.R. § 412.236(c) contains the criteria that a group of hospitals must meet for redesignation as a group under the “alternative” criteria for hospitals located in a NECMA and 42 C.F.R. § 412.236(d) stipulates the data that the MGCRB must consider in this regard. (Hospitals located within a county of a NECMA may also apply for redesignation as a group under the criteria in 42 C.F.R. § 412.234 relating to hospitals in an urban county seeking redesignation to another urban area as a group.)

Tab 5 (OMB Standards) includes the OMB revised standards for establishing MSAs, NECMAs, and CMSAs published in the Federal Register on March 30, 1990 and corrected on April 10 and 30 and May 10, 1990. The Changes to the Hospital Inpatient PPS Proposed Rule (see May 19, 2003 Federal Register) directs the Board to use the 1990 definitions (and standards) of Metropolitan Areas in reviewing hospital requests for reclassification for FFY 2005.

With respect to the “data” to be used to meet the 1990 standards, the Board will accept data from either the 1990 or the 2000 Census. The group may obtain Bureau of the Census data from the Bureau of the Census (www.census.gov) and State Data Centers. (A listing of State Data Centers is available via the Internet at <http://www.census.gov/sdc/www/>). Commuting data can be accessed via the Internet at www.census.gov/population/www/socdemo/jtw_workerflow.html for 1990 data and www.census.gov/population/www/cen2000/commuting.html for 2000 data. The Board considers data only from the Bureau of the Census.

After the NECMA group completes this Section, it should skip to the affidavits. It should not complete any of the Sections between.

WAGE CRITERIA - 85 PERCENT COMPARISON
(RURAL AND URBAN GROUPS)

The group should attach its aggregate hourly wage computations using 3-year averages of hospital-specific and current area wages and hours for the 85 percent comparison under **Attachment I** of the application. The wage data used to support the group's wage comparison must be from the CMS hospital wage survey. Hospitals may obtain this information from Brett James of the CMS Hospital & Ambulatory Policy Group at (410) 786-4642. (The Board will use the final official data in evaluating if a hospital meets the reclassification criteria.)

If the hospitals in the Group are requesting reclassification to the same area for FFY 2005 that they are already reclassified to through a 3-year group wage index reclassification, then the group is not required to meet the wage index portion of its FFY 2005 application. In such a case, the wage index portion (not the Standardized Amount portion) is considered met for purposes of the FFY 2005 application by virtue of the group's prior 3-year reclassification.

STANDARDIZED AMOUNT (URBAN GROUP ONLY)

Each hospital in the group must provide the information and data required under the Standardized Amount Cost Comparison section of the application, which is discussed below, and provide all supporting information for the group application to be complete. The Standardized Amount Cost Comparison application pages for each group hospital must be under **Attachment J**.

At **Attachment L** the group should show the computation of the ratio of case-mix adjusted cost per discharge to the threshold amount for each hospital and the discharge weighting of these ratios and the group cost comparisons. The ratio of each hospital's cost threshold to its case-mix adjusted cost per case, reduced for outliers, is calculated. Each hospital's share of the group's Medicare discharges weights these ratios. The weighted ratios of the individual hospitals are then totaled. In doing the cost comparisons, hospitals must use area definitions from the 1990 census.

STANDARDIZED AMOUNT COST COMPARISON FOR EACH HOSPITAL
(URBAN GROUP ONLY)

Attachment J. must include each hospital's standardized amount cost comparison. For all data obtained from the Federal Register, such as the standardized amounts and the wage indices, the group should include a reference to the appropriate Registers' dates and page numbers. The group calculates an individual cost threshold for each hospital. The threshold equals the amount the hospital would receive under its current classification plus 75 percent of the difference between that amount and the amount it would receive if reclassified. All data must correspond to the cost reporting period for the cost report submitted by each hospital as part of the application.

- The hospital must complete all applicable questions regarding the Standardized Amount Reclassification Request for its application to be complete.
- Each hospital in the group must use data corresponding to the cost reporting period of the cost report submitted with the application in completing the Standardized Amount Cost Comparison. With respect to the disproportionate share adjustment, although the hospital must use data corresponding to the cost reporting period of the cost report, it should use the FFY 2005 disproportionate share rules for calculating the adjustment factor for the Standardized Amount Cost Comparison.
- At Tab 2 is a chart entitled Standardized Amounts by Cost Reporting Period and at Tab 3 are two charts illustrating wage indices and case mix indices by cost reporting period.
- Case mix indices are available on the Internet at <http://cms.hhs.gov/providers/hipps/ippspufs.asp> for FFY 2000 and future years. A hospital may also have its CMI computed by the fiscal intermediary.
- Where the application requires percentages, the group should express them in decimals, not ratios.

Items b-e and h-j of the application provide the cost report references to obtain the information pertaining to cost reporting periods ending after 11/30/98.

For item f., the hospital should enter a case-mix index (CMI) value only if using a CMI developed by the fiscal intermediary, i.e., not from the CMS website listings. (A CMI developed by the hospital is not acceptable.) Verification must be on fiscal intermediary letterhead, signed by an authorized official of the fiscal intermediary, and must show the period to which it applies (**Attachment K**). The fiscal intermediary letter should also state that the intermediary specifically computed the CMI based on the latest available data, i.e., it is not a CMI taken from the CMS website listing(s).

If the hospital is using the internet website for the CMI to be used in the Standardized Amount Cost Comparison, and more than one CMI applies to the hospital's cost reporting year, it should prorate each index based on the number of days the index corresponds to each fiscal year within the hospital's cost reporting year. The hospital must include the supporting documentation in **Attachment K**.

Each hospital should complete item g., regarding the indirect medical education (IME) adjustment factor(s), only if applicable. Hospitals should enter the appropriate adjustment factors expressed as decimals that were used to calculate lines 3.21 to 3.23 of Worksheet E, Part A of the cost report per instructions in section 3630.1 of CMS Publication 15-2, the Provider Reimbursement Manual, Part 2.

Hospitals should use a single IME adjustment factor when preparing their Standardized Amount Cost Comparison in **Attachment J**. If a hospital has more than one IME adjustment factor that applies to its cost-reporting year, it should prorate each factor based on the number of days it is effective during the cost-reporting year.

For example, a hospital with a cost reporting year from July 1, 2001 to June 30, 2002, would enter three IME adjustment factors in item g., i.e., one for the July 1, 2001 to September 30, 2001 period, a second for the October 1, 2001 to December 31, 2001 period, and a third for the January 1, 2002 to June 30, 2002 period. These three factors would then be prorated by the number of days in each period to arrive at the single IME adjustment factor for the hospital's cost reporting year. If the IME adjustment factor for the "(For discharges occurring prior to 10/1)" period is .0225, the adjustment factor for the "(For discharges occurring on or after 10/1 but before 1/1)" period is .0216, and the adjustment factor for the "(For discharges occurring after 1/1)" period is .0216, the single IME adjustment factor for the cost reporting year to be used in the Standardized Amount Cost Comparison in Attachment J would be .0218, i.e., $(.0225 * 92 / 365) + (.0216 * 92 / 365) + (.0216 * 182 / 365)$.

Each hospital that has an allowable disproportionate share adjustment (DSA) on line 4.04 of Worksheet E, Part A, should complete all entries in items h., i., and j. of the Standardized Amount Cost Comparison section of the application. A hospital that does not have a DSA on line 4.04 should complete items i. and j. For purposes of completing the Standardized Amount Cost Comparison (**Attachment J**), a hospital should use the SSI percentage that was used in the calculation of the DSA on the cost report. The Board, however, will use the latest SSI data available from HCFA to calculate the SSI percentage to be used in the DSA computation.

In completing the Standardized Amount Cost Comparison, hospitals also need to use the

appropriate wage index for the “Current” and “Requested” reclassification areas. The wage index for the “Requested” area used in the comparison in a Group application will always be the wage index of the “Requested” area. The wage index to be used on the “Current” side of the comparison will depend on whether a hospital is reclassified under a 3-year wage index reclassification either from an individual or group application approved for FFY 2003 or FFY 2004, as follows:

- A. Hospitals in the group that are reclassified for FFY 2005 to any area pursuant to a 3-year wage index reclassification in FFY 2003 or FFY 2004 must use the wage index for the area to which they are reclassified in FFY 2005 for the “Current” side of the computation.
- B. Any hospital in the group that is not already approved for FFY 2005 as part of a 3-year wage index reclassification from either a prior year group or individual application must use the wage index for the area in which it is physically located for the “Current” side of the computation.

For item k., the copy of each hospital’s most recently filed cost report that is submitted under **Attachment M** must include a copy of the original signed certification for that cost report. Only one cost report is to be submitted for each hospital in the group.

AFFIDAVIT

The group application must contain an affidavit from each hospital in the group. Each affidavit must be signed by an officer of the hospital, e.g., the Administrator, vice president for finance, etc. or by a corporate officer of the hospital’s parent corporation. The official signing the affidavit must have the authority to sign the application for geographic reclassification on behalf of the hospital. The affidavit of each hospital must be fully completed, notarized, signed, and submitted as part of a timely filed application. The Board may dismiss the group’s application if the officer’s signature for each hospital in the group is not on the affidavit of a timely submitted application.

The official signing the affidavit is attesting to the veracity and correctness of that hospital’s information and data for the group application under penalty of perjury (28 U.S.C. Section 1746).

TABS

TAB 1 - MSA/Area Numbers - Applies to I.2. and II.6. of the application.

TAB 2 - Standardized Amounts by Cost Reporting Period - Applies to the standardized amount computations.

TAB 3 - Wage Indices and Case Mix Indices by Cost Reporting Period - Applies to the standardized amount computations.

TAB 4 - Calculations - Includes model calculations for the wage index and standardized amount.

TAB 5 - OMB Standards - Includes OMB revised standards (Federal Register, Vol. 55, No. 62, March 30, 1990, which were corrected on April 10 and 30 and May 10, 1990) for designating outlying counties of MSAs and for establishing MSAs, NECMAs, and CMSAs.

TAB 1

MSA/AREA NUMBERS*

*** This final list of areas is based upon the June 30, 1998 revision from the Bureau of the Census.**

MSA/AREA NAME	NUMBER
ALABAMA	01
ALASKA	02
ARIZONA	03
ARKANSAS	04
CALIFORNIA	05
COLORADO	06
CONNECTICUT	07
DELAWARE	08
FLORIDA	10
GEORGIA	11
HAWAII	12
IDAHO	13
ILLINOIS	14
INDIANA	15
IOWA	16
KANSAS	17
KENTUCKY	18
LOUISIANA	19
MAINE	20
MARYLAND	21
MASSACHUSETTS	22
MICHIGAN	23
MINNESOTA	24
MISSISSIPPI	25
MISSOURI	26
MONTANA	27
NEBRASKA	28
NEVADA	29
NEW HAMPSHIRE	30
NEW MEXICO	32
NEW YORK	33
NORTH CAROLINA	34
NORTH DAKOTA	35
OHIO	36
OKLAHOMA	37
OREGON	38
PENNSYLVANIA	39
PUERTO RICO	40
SOUTH CAROLINA	42
SOUTH DAKOTA	43
TENNESSEE	44
TEXAS	45
UTAH	46
VERMONT	47
VIRGINIA	49
WASHINGTON	50
WEST VIRGINIA	51
WISCONSIN	52
WYOMING	53

MSA/AREA NAME	NUMBER
ABILENE, TX	0040
AGUADILLA, PR	0060
AKRON, OH	0080
ALBANY, GA	0120
ALBANY-SCHENECTADY-TROY, NY	0160
ALBUQUERQUE, NM	0200
ALEXANDRIA, LA	0220
ALLENTOWN-BETHLEHEM-EASTON, PA	0240
ALTOONA, PA	0280
AMARILLO, TX	0320
ANCHORAGE, AK	0380
ANN ARBOR, MI	0440
ANNISTON, AL	0450
APPLETON-OSHKOSH-NEENAH, WI	0460
ARECIBO, PR	0470
ASHEVILLE, NC	0480
ATHENS, GA	0500
ATLANTA, GA	0520
ATLANTIC-CAPE MAY, NJ	0560
AUBURN-OPELIKA, AL	0580
AUGUSTA-AIKEN, GA-SC	0600
AUSTIN-SAN MARCOS, TX	0640
BAKERSFIELD, CA	0680
BALTIMORE, MD	0720
BANGOR, ME	0733
BARNSTABLE-YARMOUTH, MA	0743
BATON ROUGE, LA	0760
BEAUMONT-PORT ARTHUR, TX	0840
BELLINGHAM, WA	0860
BENTON HARBOR, MI	0870
BERGEN-PASSAIC, NJ	0875
BILLINGS, MT	0880
BILOXI-GULFPORT-PASCAGOULA, MS	0920
BINGHAMTON, NY	0960
BIRMINGHAM, AL	1000
BISMARCK, ND	1010
BLOOMINGTON, IN	1020
BLOOMINGTON-NORMAL, IL	1040
BOISE CITY, ID	1080
BOSTON-WORCESTER-LAWRENCE-LOWELL-BROCKTON, MA-NH	1123
BOULDER-LONGMONT, CO	1125
BRAZORIA, TX	1145
BREMERTON, WA	1150
BROWNSVILLE-HARLINGEN-SAN BENITO, TX	1240
BRYAN-COLLEGE STATION, TX	1260
BUFFALO-NIAGARA FALLS, NY	1280
BURLINGTON, VT	1303
CAGUAS, PR	1310
CANTON-MASSILLON, OH	1320

MSA/AREA NAME	NUMBER
CASPER, WY	1350
CEDAR RAPIDS, IA	1360
CHAMPAIGN-URBANA, IL	1400
CHARLESTON-NORTH CHARLESTON, SC	1440
CHARLESTON, WV	1480
CHARLOTTE-GASTONIA-ROCK HILL, NC-SC	1520
CHARLOTTESVILLE, VA	1540
CHATTANOOGA, TN-GA	1560
CHEYENNE, WY	1580
CHICAGO, IL	1600
CHICO-PARADISE, CA	1620
CINCINNATI, OH-KY-IN	1640
CLARKSVILLE-HOPKINSVILLE, TN-KY	1660
CLEVELAND-LORAIN-ELYRIA, OH	1680
COLORADO SPRINGS, CO	1720
COLUMBIA, MO	1740
COLUMBIA, SC	1760
COLUMBUS, GA-AL	1800
COLUMBUS, OH	1840
CORPUS CHRISTI, TX	1880
CORVALLIS, OR	1890
CUMBERLAND, MD-WV	1900
DALLAS, TX	1920
DANVILLE, VA	1950
DAVENPORT-MOLINE-ROCK ISLAND, IA-IL	1960
DAYTON-SPRINGFIELD, OH	2000
DAYTONA BEACH, FL	2020
DECATUR, AL	2030
DECATUR, IL	2040
DENVER, CO	2080
DES MOINES, IA	2120
DETROIT, MI	2160
DOTHAN, AL	2180
DOVER, DE	2190
DUBUQUE, IA	2200
DULUTH-SUPERIOR, MN-WI	2240
DUTCHESS COUNTY, NY	2281
EAU CLAIRE, WI	2290
EL PASO, TX	2320
ELKHART-GOSHEN, IN	2330
ELMIRA, NY	2335
ENID, OK	2340
ERIE, PA	2360
EUGENE-SPRINGFIELD, OR	2400
EVANSVILLE-HENDERSON, IN-KY	2440
FARGO-MOORHEAD, ND-MN	2520
FAYETTEVILLE, NC	2560
FAYETTEVILLE-SPRINGDALE-ROGERS, AR	2580
FLAGSTAFF, AZ-UT	2620

MSA/AREA NAME	NUMBER
FLINT, MI	2640
FLORENCE, AL	2650
FLORENCE, SC	2655
FORT COLLINS-LOVELAND, CO	2670
FORT LAUDERDALE, FL	2680
FORT MYERS-CAPE CORAL, FL	2700
FORT PIERCE-PORT ST. LUCIE, FL	2710
FORT SMITH, AR-OK	2720
FORT WALTON BEACH, FL	2750
FORT WAYNE, IN	2760
FORT WORTH-ARLINGTON, TX	2800
FRESNO, CA	2840
GADSDEN, AL	2880
GAINESVILLE, FL	2900
GALVESTON-TEXAS CITY, TX	2920
GARY, IN	2960
GLENS FALLS, NY	2975
GOLDSBORO, NC	2980
GRAND FORKS, ND-MN	2985
GRAND JUNCTION, CO	2995
GRAND RAPIDS-MUSKEGON-HOLLAND, MI	3000
GREAT FALLS, MT	3040
GREELEY, CO	3060
GREEN BAY, WI	3080
GREENSBORO--WINSTON-SALEM--HIGH POINT, NC	3120
GREENVILLE, NC	3150
GREENVILLE-SPARTANBURG-ANDERSON, SC	3160
HAGERSTOWN, MD	3180
HAMILTON-MIDDLETOWN, OH	3200
HARRISBURG-LEBANON-CARLISLE, PA	3240
HARTFORD, CT	3283
HATTIESBURG, MS	3285
HICKORY-MORGANTON-LENOIR, NC	3290
HONOLULU, HI	3320
HOUMA, LA	3350
HOUSTON, TX	3360
HUNTINGTON-ASHLAND, WV-KY-OH	3400
HUNTSVILLE, AL	3440
INDIANAPOLIS, IN	3480
IOWA CITY, IA	3500
JACKSON, MI	3520
JACKSON, MS	3560
JACKSON, TN	3580
JACKSONVILLE, FL	3600
JACKSONVILLE, NC	3605
JAMESTOWN, NY	3610
JANESVILLE-BELOIT, WI	3620
JERSEY CITY, NJ	3640
JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA	3660

MSA/AREA NAME	NUMBER
JOHNSTOWN, PA	3680
JONESBORO, AR	3700
JOPLIN, MO	3710
KALAMAZOO-BATTLE CREEK, MI	3720
KANKAKEE, IL	3740
KANSAS CITY, MO-KS	3760
KENOSHA, WI	3800
KILLEEN-TEMPLE, TX	3810
KNOXVILLE, TN	3840
KOKOMO, IN	3850
LA CROSSE, WI-MN	3870
LAFAYETTE, LA	3880
LAFAYETTE, IN	3920
LAKE CHARLES, LA	3960
LAKELAND-WINTER HAVEN, FL	3980
LANCASTER, PA	4000
LANSING-EAST LANSING, MI	4040
LAREDO, TX	4080
LAS CRUCES, NM	4100
LAS VEGAS, NV-AZ	4120
LAWRENCE, KS	4150
LAWTON, OK	4200
LEWISTON-AUBURN, ME	4243
LEXINGTON, KY	4280
LIMA, OH	4320
LINCOLN, NE	4360
LITTLE ROCK-NORTH LITTLE ROCK, AR	4400
LONGVIEW-MARSHALL, TX	4420
LOS ANGELES-LONG BEACH, CA	4480
LOUISVILLE, KY-IN	4520
LUBBOCK, TX	4600
LYNCHBURG, VA	4640
MACON, GA	4680
MADISON, WI	4720
MANSFIELD, OH	4800
MAYAGUEZ, PR	4840
MCALLEN-EDINBURG-MISSION, TX	4880
MEDFORD-ASHLAND, OR	4890
MELBOURNE-TITUSVILLE-PALM BAY, FL	4900
MEMPHIS, TN-AR-MS	4920
MERCED, CA	4940
MIAMI, FL	5000
MIDDLESEX-SOMERSET-HUNTERDON, NJ	5015
MILWAUKEE-WAUKESHA, WI	5080
MINNEAPOLIS-ST. PAUL, MN-WI	5120
MISSOULA, MT	5140
MOBILE, AL	5160
MODESTO, CA	5170
MONMOUTH-OCEAN, NJ	5190

MSA/AREA NAME	NUMBER
MONROE, LA	5200
MONTGOMERY, AL	5240
MUNCIE, IN	5280
MYRTLE BEACH, SC	5330
NAPLES, FL	5345
NASHVILLE, TN	5360
NASSAU-SUFFOLK, NY	5380
NEW HAVEN-BRIDGEPORT-STAMFORD-DANBURY-WATERBURY,CT	5483
NEW LONDON-NORWICH, CT	5523
NEW ORLEANS, LA	5560
NEW YORK, NY	5600
NEWARK, NJ	5640
NEWBURGH, NY-PA	5660
NORFOLK-VIRGINIA BEACH-NEWPORT NEWS, VA-NC	5720
OAKLAND, CA	5775
OCALA, FL	5790
ODESSA-MIDLAND, TX	5800
OKLAHOMA CITY, OK	5880
OLYMPIA, WA	5910
OMAHA, NE-IA	5920
ORANGE COUNTY, CA	5945
ORLANDO, FL	5960
OWENSBORO, KY	5990
PANAMA CITY, FL	6015
PARKERSBURG-MARIETTA, WV-OH	6020
PENSACOLA, FL	6080
PEORIA-PEKIN, IL	6120
PHILADELPHIA, PA-NJ	6160
PHOENIX-MESA, AZ	6200
PINE BLUFF, AR	6240
PITTSBURGH, PA	6280
PITTSFIELD, MA	6323
POCATELLO, ID	6340
PONCE, PR	6360
PORTLAND, ME	6403
PORTLAND-VANCOUVER,OR-WA	6440
PROVIDENCE-WARWICK-PAWTUCKET, RI	6483
PROVO-OREM, UT	6520
PUEBLO, CO	6560
PUNTA GORDA, FL	6580
RACINE, WI	6600
RALEIGH-DURHAM-CHAPEL HILL, NC	6640
RAPID CITY, SD	6660
READING, PA	6680
REDDING, CA	6690
RENO, NV	6720
RICHLAND-KENNEWICK-PASCO, WA	6740
RICHMOND-PETERSBURG, VA	6760
RIVERSIDE-SAN BERNADINO, CA	6780

MSA/AREA NAME	NUMBER
ROANOKE, VA	6800
ROCHESTER, MN	6820
ROCHESTER, NY	6840
ROCKFORD, IL	6880
ROCKY MOUNT, NC	6895
SACRAMENTO, CA	6920
SAGINAW-BAY CITY-MIDLAND, MI	6960
ST. CLOUD, MN	6980
ST. JOSEPH, MO	7000
ST. LOUIS, MO-IL	7040
SALEM, OR	7080
SALINAS, CA	7120
SALT LAKE CITY-OGDEN, UT	7160
SAN ANGELO, TX	7200
SAN ANTONIO, TX	7240
SAN DIEGO, CA	7320
SAN FRANCISCO, CA	7360
SAN JOSE, CA	7400
SAN JUAN-BAYAMON, PR	7440
SAN LUIS OBISPO-ATASCADERO-PASO ROBLES, CA	7460
SANTA BARBARA-SANTA MARIA-LOMPOC, CA	7480
SANTA CRUZ-WATSONVILLE, CA	7485
SANTA FE, NM	7490
SANTA ROSA, CA	7500
SARASOTA-BRADENTON, FL	7510
SAVANNAH, GA	7520
SCRANTON--WILKES-BARRE--HAZLETON, PA	7560
SEATTLE-BELLEVUE-EVERETT, WA	7600
SHARON, PA	7610
SHEBOYGAN, WI	7620
SHERMAN-DENISON, TX	7640
SHREVEPORT-BOSSIER CITY, LA	7680
SIOUX CITY, IA-NE	7720
SIOUX FALLS, SD	7760
SOUTH BEND, IN	7800
SPOKANE, WA	7840
SPRINGFIELD, IL	7880
SPRINGFIELD, MO	7920
SPRINGFIELD, MA	8003
STATE COLLEGE, PA	8050
STEUBENVILLE-WEIRTON, OH-WV	8080
STOCKTON-LODI, CA	8120
SUMTER, SC	8140
SYRACUSE, NY	8160
TACOMA, WA	8200
TALLAHASSEE, FL	8240
TAMPA-ST. PETERSBURG-CLEARWATER, FL	8280
TERRE HAUTE, IN	8320
TEXARKANA, TX-TEXARKANA, AR	8360

MSA/AREA NAME	NUMBER
TOLEDO, OH	8400
TOPEKA, KS	8440
TRENTON, NJ	8480
TUCSON, AZ	8520
TULSA, OK	8560
TUSCALOOSA, AL	8600
TYLER, TX	8640
UTICA-ROME, NY	8680
VALLEJO-FARIFIELD-NAPA, CA	8720
VENTURA, CA	8735
VICTORIA, TX	8750
VINELAND-MILLVILLE-BRIDGETON, NJ	8760
VISALIA-TULARE-PORTERVILLE, CA	8780
WACO, TX	8800
WASHINGTON, DC-MD-VA-WV	8840
WATERLOO-CEDAR FALLS, IA	8920
WAUSAU, WI	8940
WEST PALM BEACH-BOCA RATON, FL	8960
WHEELING, WV-OH	9000
WICHITA, KS	9040
WICHITA FALLS, TX	9080
WILLIAMSPORT, PA	9140
WILMINGTON-NEWARK, DE-MD	9160
WILMINGTON, NC	9200
YAKIMA, WA	9260
YOLO, CA	9270
YORK, PA	9280
YOUNGSTOWN-WARREN, OH	9320
YUBA CITY, CA	9340
YUMA, AZ	9360

TAB 2

**STANDARDIZED AMOUNTS
BY COST REPORTING PERIOD**

STANDARDIZED AMOUNTS BY COST REPORTING PERIOD

COST REPORTING PERIOD	JUL 30, 1999 FEDERAL REGISTER	AUG 1, 2000 FEDERAL REGISTER	June 13, 2001 FEDERAL REGISTER	AUG 1, 2001 FEDERAL REGISTER	AUG 1, 2002 FEDERAL REGISTER
10-1-99 TO 9-30-2000*	10-1-99 TO 9-30-2000				
11-1-99 TO 10-31-2000*	11-1-99 TO 9-30-2000	10-1-2000 TO 10-31-2000			
12-1-99 TO 11-30-2000*	12-1-99 TO 9-30-2000	10-1-2000 TO 11-30-2000			
1-1-2000 TO 12-31-2000*	1-1-2000 TO 9-30-2000	10-1-2000 TO 12-31-2000			
2-1-2000 TO 1-31-2001*	2-1-2000 TO 9-30-2000	10-1-2000 TO 1-31-2001			
3-1-2000 TO 2-28-2001	3-1-2000 TO 9-30-2000	10-1-2000 TO 2-28-2001			
4-1-2000 TO 3-31-2001	4-1-2000 TO 9-30-2000	10-1-2000 TO 3-31-2001			
5-1-2000 TO 4-30-2001	5-1-2000 TO 9-30-2000	10-1-2000 TO 3-31-2001	4-1-2001 TO 4-30-2001		
6-1-2000 TO 5-31-2001	6-1-2000 TO 9-30-2000	10-1-2000 TO 3-31-2001	4-1-2001 TO 5-31-2001		
7-1-2000 TO 6-30-2001	7-1-2000 TO 9-30-2000	10-1-2000 TO 3-31-2001	4-1-2001 TO 6-30-2001		
8-1-2000 TO 7-31-2001	8-1-2000 TO 9-30-2000	10-1-2000 TO 3-31-2001	4-1-2001 TO 7-31-2001		
9-1-2000 TO 8-31-2001	9-1-2000 TO 9-30-2000	10-1-2000 TO 3-31-2001	4-1-2001 TO 8-31-2001		
10-1-2000 TO 9-30-2001		10-1-2000 TO 3-31-2001	4-1-2001 TO 9-30-2001		
11-1-2000 TO 10-31-2001		11-1-2000 TO 3-31-2001	4-1-2001 TO 9-30-2001	10-1-2001 TO 10-31-2001	
12-1-2000 TO 11-30-2001		12-1-2000 TO 3-31-2001	4-1-2001 TO 9-30-2001	10-1-2001 TO 11-30-2001	
1-1-2001 TO 12-31-2001		1-1-2001 TO 3-31-2001	4-1-2001 TO 9-30-2001	10-1-2001 TO 12-31-2001	
2-1-2001 TO 1-31-2002		2-1-2001 TO 3-31-2001	4-1-2001 TO 9-30-2001	10-1-2001 TO 1-31-2002	
3-1-2001 TO 2-28-2002		3-1-2001 TO 3-31-2001	4-1-2001 TO 9-30-2001	10-1-2001 TO 2-28-2002	
4-1-2001 TO 3-31-2002			4-1-2001 TO 9-30-2001	10-1-2001 TO 3-31-2002	
5-1-2001 TO 4-30-2002			5-1-2001 TO 9-30-2001	10-1-2001 TO 4-30-2002	
6-1-2001 TO 5-31-2002			6-1-2001 TO 9-30-2001	10-1-2001 TO 5-31-2002	
7-1-2001 TO 6-30-2002			7-1-2001 TO 9-30-2001	10-1-2001 TO 6-30-2002	
8-1-2001 TO 7-31-2002			8-1-2001 TO 9-30-2001	10-1-2001 TO 7-31-2002	
9-1-2001 TO 8-31-2002			9-1-2001 TO 9-30-2001	10-1-2001 TO 8-31-2002	
10-1-2001 TO 9-30-2002				10-1-2001 TO 9-30-2002	
11-1-2001 TO 10-31-2002				11-1-2001 TO 9-30-2002	10-1-2002 To 10-31-2002
12-1-2001 TO 11-30-2002				12-1-2001 TO 9-30-2002	10-1-2002 To 11-30-2002
1-1-2002 TO 12-31-2002				1-1-2002 TO 9-30-2002	10-1-2002 To 12-31-2002
2-1-2002 TO 1-31-2003				2-1-2002 TO 9-30-2002	10-1-2002 To 1-31-2003
3-1-2002 TO 2-28-2003				3-1-2002 TO 9-30-2002	10-1-2002 To 2-28-2003
4-1-2002 TO 3-31-2003				4-1-2002 TO 9-30-2002	10-1-2002 To 3-31-2003
5-1-2002 TO 4-30-2003				5-1-2002 TO 9-30-2002	10-1-2002 To 4-30-2003
6-1-2002 TO 5-31-2003				6-1-2002 TO 9-30-2002	10-1-2002 To 5-31-2003
7-1-2002 TO 6-30-2003				7-1-2002 TO 9-30-2002	10-1-2002 To 6-30-2003
8-1-2002 TO 7-31-2003				8-1-2002 TO 9-30-2002	10-1-2002 To 7-31-2003
9-1-2002 TO 8-31-2003				9-1-2002 TO 9-30-2002	10-1-2002 To 8-31-2003

*LEAP YEAR

TAB 3

**WAGE INDICES AND CASE MIX INDICES
BY COST REPORTING PERIOD**

WAGE INDICES

PERIOD	DATE OF APPLICABLE FEDERAL REGISTER
--------	--

October 1, 1999	TO	September 30, 2000	July 30, 1999
October 1, 2000	TO	September 30, 2001	August 1, 2000
October 1, 2001	TO	September 30, 2002	August 1, 2001
October 1, 2002	TO	September 30, 2003	August 1, 2002

CASE MIX INDICES

FOR COST REPORTING PERIODS FROM	FIND APPLICABLE CMI AT
------------------------------------	---------------------------

October 1, 1999	TO	September 30, 2000	SEE CMS INTERNET WEB SITE*
October 1, 2000	TO	September 30, 2001	SEE CMS INTERNET WEB SITE*
October 1, 2001		FORWARD	SEE CMS INTERNET WEB SITE*

* <http://cms.hhs.gov/providers/hipps/ippspufs.asp>

TAB 4
CALCULATIONS

EXAMPLE OF HOSPITAL GROUP WAGE INDEX COMPARISON

WAGE INDEX COMPARISON

42 CFR 412.232(c) OR 42 CFR 412.234(b)

	<u>HOSPITAL</u>	<u>COLUMN A</u> <u>WAGES (PER CMS)</u>	<u>COLUMN B</u> <u>HOURS (PER CMS)</u>
	HOSPITAL 1	2,509,100	200,400
	HOSPITAL 2	26,816,668	1,754,095
	HOSPITAL 3	24,465,510	1,643,792
1	TOTAL	53,791,278	3,598,287
2	COUNTY 3 YEAR AVERAGE HOURLY WAGE (AHW) [LINE 1, COL. A / LINE 1 COL. B]		14.9491
3	REQUESTED AREA 3 YEAR AHW [FROM CMS HOSPITAL WAGE SURVEY]		16.5200
4	85% TEST [LINE 2 / LINE 3]		0.904909200

HOSPITAL GROUP MEETS THE 85% TEST. HOWEVER, IN ORDER TO QUALIFY FOR RECLASSIFICATION:

- (1) AN URBAN GROUP MUST ALSO MEET THE GENERAL CRITERIA UNDER 42 CFR 412.234(a) AND THE STANDARDIZED AMOUNT CRITERIA UNDER 42 CFR 412.234(c).
- (2) A RURAL GROUP MUST ALSO MEET THE GENERAL CRITERIA UNDER 42 CFR 412.232(a) AND THE METROPOLITAN CHARACTER CRITERIA UNDER 42 CFR 412.232(b).

NOTES: ROUNDING OF NUMBERS TO MEET THE QUALIFYING PERCENTAGE IS NOT PERMITTED.

ALL WAGE, HOUR AND AVERAGE HOURLY WAGE DATA USED ABOVE IS BASED ON 3 YEAR AVERAGES.

Example of Urban Hospital Group Standardized Amount Cost Comparison

THE THREE PPS HOSPITALS LOCATED IN URBAN COUNTY A ARE REQUESTING RECLASSIFICATION TO A LARGE URBAN COUNTY B. COUNTY B IS PART OF THE SAME CMSA AS COUNTY A. THE GROUP HAS MET THE WAGE CRITERIA OF 42 CFR 412.234(b). THE FOLLOWING DATA IS FOR THE APPROPRIATE COST REPORTING PERIOD OF EACH HOSPITAL. FOR PURPOSES OF BREVITY THE COMPLETE COMPUTATION OF THE CASE MIX ADJUSTED COST PER DISCHARGE AND THE THRESHOLD AMOUNT IS INCLUDED FOR ONLY THE FIRST HOSPITAL.

	HOSPITAL A	HOSPITAL B	HOSPITAL C
TOTAL MEDICARE COST (EXCLUDING PASSTHROUGHS)	\$2,120,074	--	--
MEDICARE DISCHARGES	402	528	842
DRG AMOUNT- OTHER THAN OUTLIER PAYMENTS	\$1,397,286	--	--
DRG AMOUNT- OUTLIER PAYMENTS ONLY	\$121,821	--	--
INDIRECT MEDICAL EDUCATION ADJUSTMENT FACTOR	0.0218	--	--
DISPROPORTIONATE SHARE ADJUSTMENT FACTOR	0.1454	--	--
COMPUTATION OF RATIO OF HOSPITALS' COSTS TO THRESHOLD AMOUNTS			
1 CASE MIX ADJUSTED COST PER DISCHARGE [FROM PAGE 3, LINE 10]	4561.21	4098.76	4115.28
2 THRESHOLD AMOUNT [FROM PAGE 4, LINE 44]	4970.59	3901.26	4001.23
3 RATIO OF COST TO THRESHOLD [LINE 1 / LINE 2]	0.917639555	1.050624669	1.028503735
4 DISCHARGE WEIGHTING [TOTAL HOSPITAL DISCHARGES / TOTAL GROUP DISCHARGES]	0.226862302	0.297968397	0.475169300
5 WEIGHTED RATIO [LINE 3 X LINE 4]	0.208177821	0.313052948	0.488713399
6 SUM OF WEIGHTED RATIOS [SUM OF LINE 5]			1.009944168

SINCE THE SUM OF THE WEIGHTED RATIOS IS GREATER THAN 1.0 (ONE), THE GROUP MEETS THE STANDARDIZED AMOUNT CRITERIA OF 42 CFR 412.234(c).

NOTE: ROUNDING OF NUMBERS TO MEET THE QUALIFYING PERCENTAGE IS NOT PERMITTED.

Standardized Amount for Individual Hospital

Hospital Cost Per Discharge Reduced for Outliers

1.	Total Medicare Cost (Excluding Passthroughs)	\$2,120,074
2.	Medicare Discharges	402
3.	Average Cost Per Discharge Before Adjustment for Outlier Payments [Line 1 / Line 2]	\$5,273.81
4.	DRG Amount-Other Than Outlier Payments	\$1,397,286
5.	DRG Amount-Outlier Payments	\$121,821
6.	Total DRG Amount [Line 4 + Line 5]	\$1,519,107
7.	Outlier Adjustment Factor [1- (line 5/line 6)]	0.9198
8.	Average Cost Per Discharge reduced for Outliers [Line 3 * Line 7]	\$4,850.85
9.	Case Mix Index [Prorated] 1.0152 * 92 / 365 + 1.0799 * 273 / 365	1.0635
10.	Case Mix Adjusted Cost Per Discharge [Line 8 / Line 9]	\$4,561.21

Standardized Amount Effective Periods

11.	Total Days in Cost Report Period			365
	A	B	C	D
12.	Fed Regs	Period Covered	Days	Percentage
a	06/13/2001	07/01/2001 to 09/30/2001	92	25.21%
b	08/01/2001	10/01/2001 to 06/30/2002	273	74.79%
13.	Disproportionate Share Adjustment Factor			
	Medicaid % = 9.1%	SSI % = 21.6%	Beds = 205	
Current Area:	(((9.1 + 21.6) - 20.2) * 0.00825) + 0.0588 = 14.54 %			
Requested Area:	(((9.1 + 21.6) - 20.2) * 0.00825) + 0.0588 = 14.54 %			

Case No. / Sample

Requested Reclassification:
LARGE URBAN /

Current Classification:
URBAN/

Period	12a	12b	12c	12a	12b	12c
NATIONAL PORTION						
14. National Standardized Amount-Labor Portion	2925.82	2955.44	0.00	2879.51	2908.65	0.00
15. Applicable Wage Index	1.0461	1.0484	0.0000	1.0324	1.0315	0.0000
16. Line 14 * Line 15	3060.70	3098.48	0.00	2972.80	3000.27	0.00
17. National Standardized Amount-NonLabor Portion	1189.26	1201.30	0.00	1170.43	1182.27	0.00
18. Cost-of-Living Adjustment Factor	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
19. Line 17 * Line 18	1189.26	1201.30	0.00	1170.43	1182.27	0.00
20. Line 16 + Line 19	4249.96	4299.78	0.00	4143.23	4182.54	0.00
21. Indirect Medical Education Adjustment Factor	0.0218	0.0218	0.0000	0.0218	0.0218	0.0000
22. Disproportionate Share Adjustment Factor [Line 13]	0.1454	0.1454	0.0000	0.1454	0.1454	0.0000
23. Combined Adjustment Factor [1+Line 21 + Line 22]	1.1672	1.1672	1.0000	1.1672	1.1672	1.0000
24. Adjusted Standardized Amount [Line 20 * Line 23]	4960.55	5018.70	0.00	4835.97	4881.86	0.00
25. Prorated by Days in Effect [Line 12, col D * Line 24]	1250.55	3753.48	0.00	1219.14	3651.14	0.00
26. National Floor Percentage	1.00	1.00	1.00	1.00	1.00	1.00
27. Line 25 * Line 26	1250.55	3753.48	0.00	1219.14	3651.14	0.00
REGIONAL PORTION						
28. Regional Standardized Amount-Labor Portion						
29. Applicable Wage Index						
30. Line 28 * Line 29	0.00	0.00	0.00	0.00	0.00	0.00
31. Regional Standardized Amount-NonLabor Portion						
32. Cost-of-Living Adjustment Factor	1.00	1.00	1.00	1.00	1.00	1.00
33. Line 31 * Line 32	0.00	0.00	0.00	0.00	0.00	0.00
34. Line 30 + Line 33	0.00	0.00	0.00	0.00	0.00	0.00
35. Indirect Medical Education Adjustment Factor						
36. Disproportionate Share Adjustment Factor [Line 13]						
37. Combined Adjustment Factor [1+Line 35 + Line 36]	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
38. Adjusted Standardized Amount [Line 34 * Line 37]	0.00	0.00	0.00	0.00	0.00	0.00
39. Prorated by Days in Effect [Line 12, col D * Line 38]	0.00	0.00	0.00	0.00	0.00	0.00
40. Regional Floor Percentage						
41. Line 39 * Line 40	0.00	0.00	0.00	0.00	0.00	0.00
42. Line 27 + Line 41	1250.55	3753.48	0.00	1219.14	3651.14	0.00
43. Payment Hospital Would Receive			5004.03			4870.28
TEST OF QUALIFICATION CRITERIA						
44. Line 43 (Current) + [.75 * {Line 43 (Requested) - Line 43 (Current)}]			4970.59			

TAB 5

OMB STANDARDS

**A photocopy of the Federal Register Notice dated March 30, 1990 is available
from the Office of Hearings at 410-786-1174.**